



Summary

Monthly Change (Trend):

Queensland	↑	0.8%
Rest of Australia	↑	0.4%

- Nominal retail turnover (trend) in Queensland increased 0.8% in August 2005, to be 3.5% higher over the year (rest of Australia, up 0.4% in August, to be 3.2% higher over the year).
- In seasonally adjusted terms (sa), retail trade in Queensland increased 0.8% in August, to be 3.9% higher over the year (rest of Australia, up 0.6% in August, to be 3.4% higher over the year).

Analysis

- Queensland's nominal retail turnover growth has strengthened steadily over the course of 2005. Retail turnover (trend) has grown in each month of 2005, strengthening from 0.1% in January to 0.8% in both July and August 2005, and has now grown by at least 0.7% in each month since May 2005 (see chart 1).
- While these recent growth rates are below the exceptional growth rates in nominal retail turnover that were recorded at the peak of the housing cycle in 2003, they are considered to be more sustainable.
- In terms of industry groups, Food retailing (0.3% point), Household goods (0.2% point) and Hospitality and services (0.2% point) made the strongest contributions to monthly nominal growth (trend) in August. Recreational goods and Other retailing both detracted marginally from growth in August.
- The recent high petrol prices and speculation of further increases may constrain consumer's willingness to spend and therefore nominal retail turnover in Queensland in the coming months. However, rising petrol prices tend to affect discretionary areas of expenditure, such as entertainment and leisure rather than non-discretionary areas of expenditure, such as food retailing. Therefore, if high petrol prices are sustained, the composition of retail trade is likely to shift away from discretionary expenditure to non-discretionary expenditure over the short term.

Implications

- The solid growth in nominal retail turnover during the course of 2005 is consistent with other indicators of economic activity. Looking forward, there are still a number of positive factors that should offset high petrol prices and support nominal retail turnover in Queensland. These include including low unemployment, rising real wages, relatively low interest rates and solid population growth.

Table 1. Nominal retail turnover, August 2005

States/Australia	% Change			
	Monthly		Annual	
	Trend	SA*	Trend	SA*
Queensland	0.8	0.8	3.5	3.9
New South Wales	0.2	0.2	1.8	1.9
Victoria	0.2	0.7	3.8	3.4
South Australia	0.5	0.4	2.4	3.3
Western Australia	0.9	1.3	6.4	7.3
Tasmania	0.9	2.2	5.8	8.2
Rest of Australia	0.4	0.6	3.2	3.4

* Seasonally Adjusted

Chart 1. Nominal retail turnover (Monthly % change, trend)

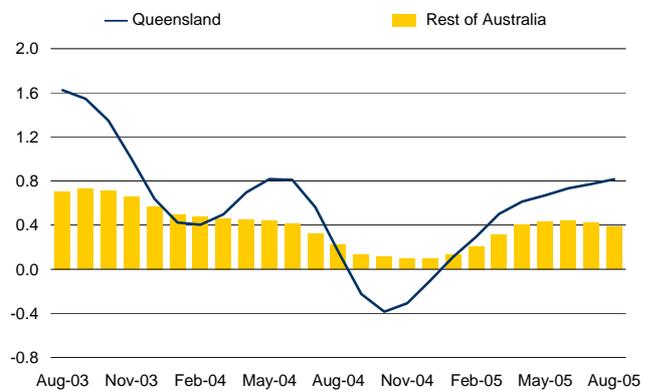


Chart 2. Nominal retail turnover by industry group (% point contribution to growth, trend, August 2005)

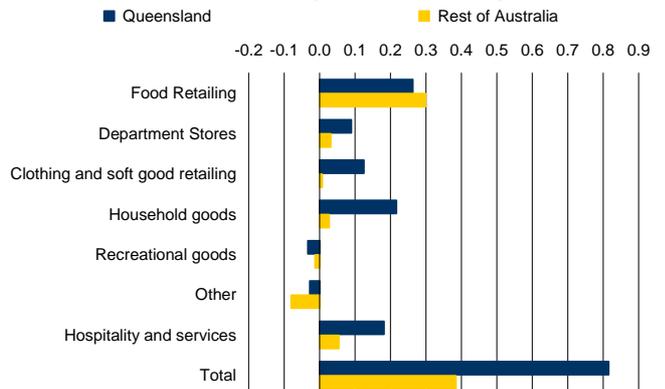


Chart 3. Nominal retail turnover – state comparison (Annual % change, trend, August 2005)

